

**Memorandum for:** Bob Gates, DDI

Per your request, the attached reflects how I see tomorrow's Versailles Summit SIG meeting. I would guess the Agency will have to say little, with the probable exception of reporting on the graphics.

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**E U R A**

Office of European Analysis

Talking Points - Versailles Summit SIG Meeting, 18 May 1982

1. The meeting will be chaired by Robert Hormats (Assistant Secretary of State for Economic and Business Affairs and the President's Personal Representative (Sherpa) for the Versailles Economic Summit) and Henry Nau (NSC). They will summarize their meetings over the week-end in Paris with the other Personal Representative teams; the Paris meeting was the last formal preparatory meeting before the Summit. If the past is a guide, Hormats' summary will be fairly boring as he does not appear to trust groups of this size with sensitive information. (C NF)
2. The key issues at the Summit are:
  - o Macroeconomic and International Monetary -- The West Europeans claim that high US interest rates are forcing them to protect their currencies with their own high rates, thus dimming chances for an economic recovery. At the same time, the US refuses to intervene on foreign exchange markets. The US, through Treasury Under Secretary Sprinkel, is proposing a quasi-official international group to discuss policy coordination among countries.
  - o East-West -- The US, through the Buckley Group, is trying to obtain agreement to tighten credit (especially on official subsidies) to the Soviet Union and to have this agreement blessed at Versailles.
  - o North-South -- The US appears to be isolated in its stand against Global Negotiations at the UN, although our differences with the Europeans are largely tactical or diplomatic.
  - o Trade and Investment -- The US is pushing for a strong anti-protectionist statement and a commitment to talks this fall on liberalizing trade in services. The other key issue is pressure on Japan to increase foreign access to its domestic market. Tokyo is likely to announce a package of trade liberalizing measures prior to 4 June.
  - o Energy -- This subject is taking a back seat this year. The leaders may discuss possible joint measures to maintain momentum on conservation and alternatives to oil if oil prices resume their slide. The major point of potential controversy would be if the US once again raises its opposition to the Yamal pipeline, perhaps in the guise of discussions on European energy security. (C NF)
3. At the week-end preparatory meeting, the US may have received additional indications of how these issues will play at Versailles. (There has been some talk of an informal agreement or trade-off, whereby the US pledges to reduce its budget deficit and to intervene more on foreign exchange markets, and the Europeans in turn agree to US proposals on reducing officially supported credit to the Soviet Union.) Other items still up in the air include (a) the length of the communique -- the French are talking about one page as opposed to previous communiques of 25-30 pages; and (b) the

subject of technology -- this is a pet of Mitterrand and his Personal Representative, Jacques Attali. Their paper on this subject is very government oriented and idealistic. The US has been pushing for a paper more agreeable to all the participants, in particular by putting greater accent on private initiative. Much of this may not be important in the greater scheme of things, but the US side is concerned about losing absolute as well as public relations control of the deliberations. (C NF)

4. The SIG meeting is likely to turn fairly quickly to the briefing materials for the US delegation: which agencies are delinquent with which papers.

- o We are up to date. We were specifically tasked with only one briefing paper, on European energy supplies. The paper, prepared by OGI, has been cleared, coordinated, and passed to State.
- o We have coordinated most other agencies' papers, but a few are still drifting in. (The deadline for passage to State was 17 May.)
- o We have also undertaken to supply 17 graphics (plus 17 pages of explanatory text, one per graphic) for the unclassified briefing books. These were culled from a NIC paper, "The United States in the World Economy: Elements of Strength," currently being printed. Marshall Casse at State approved the set of suggested graphics on 14 May. The print shop is not totally sure they can have the package (850 sets, 34 pages per set) by 25 May, a firm deadline, but they appear to be doing their best. (C NF)

5. Other support planned by the Agency includes:

- o Agency briefing team in Paris/Versailles, to meet with senior officials or their assistants prior to each day's sessions and to remain on call throughout the day to deliver traffic or new information. The team is the same as last year's at Ottawa:

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